

CARE PENETRATION METHODOLOGY AND OTHER ISSUES

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February 6, 2002

ISSUES ADDRESSED

- Improving the current methodology.
- Updating the methodology with 2000 census data.
- Developing comparable ULTS methodology.
- Adjusting rates to account for post-enrollment verification.

BACKGROUND

- Interim CARE methodology approved by the Commission in March 2001 (D.01-03-028).
- Joint contract with Athens Research to assure consistency across four utilities.
- CARE eligibility rates by commodity by utility by county completed July 2001.
- Later work included estimating LIEE eligibility rates and urban/rural shares.

IMPROVING THE CURRENT METHODOLOGY

- **Retain current methodology until PUMS 2000 Census data are available.**
 - Current method is more than adequate for short term.
 - It's consistent across the four utilities.
 - It makes optimal use of existing data.

IMPROVING THE CURRENT METHODOLOGY

(continued)

- **Options that offer long-term improvements:**
 - Evaluate other vendor data (versus AGS).
 - Complete sensitivity tests on smoothing techniques and variations in small area weighting methods.
 - Validate estimates against independent data sources.
 - Evaluate master meter bias (raised by RER) on eligibility estimates.
 - Evaluate use of Goldsmith zipcode classification (versus RHC data).

UPDATING THE METHODOLOGY WITH 2000 CENSUS DATA

- **Maintain update schedule proposed in October 2000: wait until PUMS 2000 data are available in mid-2003.**
- **Use PUMS 2000 data on the joint distribution of household income by household size to replace PUMS 1990 data.**

WHY SHOULD WE WAIT FOR PUMS 2000?

- Unlikely that using PUMS 2000 will significantly alter CARE eligibility estimates.
- Current method relies minimally on PUMS 1990.
- Current-year vendor data incorporates the latest available Census data.
- Expected benefits are negligible given the data will only be available 6 to 9 months earlier than proposed.

DEVELOPING COMPARABLE ULTS

- Energy utilities are not aware of any ULTS methodology.
- If correct, CARE methodology should be considered.
- Whatever methodology is used for ULTS, it should allow an “apples to apples” comparison of ULTS and CARE.
- There are significant definitional differences between the programs that must be resolved to get an “apples to apples” comparison.

PROGRAMMATIC DIFFERENCES BETWEEN ULTS AND CARE

- Definition of household (residence, customer)
- Dynamic changes in ULTS households versus CARE households.
 - Residential telephone “meters” are readily added and deleted.
 - Residential gas and electric meters remain relatively static over time.
- Municipal utilities: provide electricity and/or gas service, but few if any provide telephone service.

HOW TO ENSURE COMPARABILITY BETWEEN ULTS AND CARE PENETRATION RATES

- Define eligibility at the household level.
- Adopt a clear definition of household that can be used as a standard of comparison.
- Define ULTS participation in terms of households.
- Express ULTS eligibilities in terms of household size and current year household income.
- Use utility-specific data on the number of households served (using each industry's definition of household) at the county/zip code level.

ADJUSTING PENETRATION RATES FOR POST-ENROLLMENT VERIFICATION

- **Do not adjust penetration rates. Adjust penetration *goals* to account for post-enrollment verification.**
 - Any quantitative adjustment to penetration rates invalidates the mathematical estimates of them.
 - Other factors also need to be considered before adjusting penetration *goals*.
 - Commission should hold a separate forum on penetration goals and adjustments.